

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 - 0 1 5

2. STATE:

CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

11-12-01

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42CFR447.253

Section 1923(c) of the Social Security Act

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

4.19A

Page 17 (New)

Page 18 (New)

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 2.8 millionb. FFY 2003 \$ 2.8 million9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):10. SUBJECT OF AMENDMENT: "Additional Disproportionate Share Payments for Private Acute Hospitals  
(short-term General Hospitals) which provide Additional Certified Uncompensated Care  
under Section 1923 of the Social Security Act."

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Michael P. Starkowski

14. TITLE:

Deputy Commissioner

15. DATE SUBMITTED:

16. RETURN TO:

Donald Iodice  
Department of Social Services  
25 Sigourney Street  
Hartford, CT 06106**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

11/14/01

18. DATE APPROVED:

4/25/02**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

11/12/01

20. SIGNATURE OF REGIONAL OFFICIAL:

Leona Renaud for Ronald Preston

21. TYPED NAME:

Leona Renaud

22. TITLE:

Acting F.M. Branch Chief, DMSO

23. REMARKS:

**OFFICIAL**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State Connecticut

---

(11) **(NEW)** Additional Disproportionate Share Payments for Private Acute Care Hospitals (short-term General Hospitals) which provide Additional Certified Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in the previous sections, disproportionate share payments are made to any qualifying short-term General Hospital lawfully operating within the state which certifies to the Secretary of the Office of Policy and Management that it provides uncompensated care that is not otherwise covered by any disproportionate share payments made under the State Plan.

**CRITERIA** – In order to qualify as a disproportionate share hospital under this section, a hospital must meet the following conditions.

1. Be a lawfully operating acute care hospital within the state providing uncompensated care services.
2. Each hospital must meet the requirements of Section 1923(d) of the Social Security Act.
3. Each hospital must certify to the Secretary of the Office of Policy and Management that it has incurred costs for the delivery of uncompensated care that are not otherwise compensated under any other section of the Medicaid State Plan.

**PAYMENT ADJUSTMENT**- Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in provided services to patients eligible for the State Medical Assistance Program and the General Assistance Program. The single state agency makes payments to qualified disproportionate share hospitals based upon the costs they incurred for uncompensated services, any residual obligations or settlements outstanding from the Connecticut Uncompensated Care Program, the federal upper limit on aggregate state disproportionate share payments which are eligible for federal matching payments, and the amount determined to be available under state law.

The Commissioner of DSS determines the amount of the disproportionate share payments to be made under this section based on information provided by the Office of Health Care Access to verify the certification provided by the qualified hospitals to the Secretary of the Office of Policy and Management.

TN# 01-015  
Supersedes  
TN# NEW

Approval Date 4/25/02

Effective Date 11-12-01

**OFFICIAL**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State Connecticut

---

1. Payments shall be made to each of the qualifying short-term general hospitals on a periodic basis as follows:
  - (A) Determine the amount appropriated for payments under this section of the state plan during the current state fiscal year.
  - (B) Determine the amount of uncompensated care reported by each of the short-term general hospitals during the most recent fiscal year for which audited information is available.
  - (C) Calculate the total amount of disproportionate share payment adjustments paid to each of the short-term general hospitals under all the other sections of the State Plan for the same period.
  - (D) For each short-term general hospital, calculate the additional amount of uncompensated care as the difference between (B) and (C).
  - (E) Add the total amount of additional uncompensated care for all short-term general hospitals described in (D).
  - (F) For each short-term general hospital calculate a ratio equal to (D)/(E).
  - (G) Multiply (A) by (F).
2. Each hospital with an amount calculated in (G) above which is greater **than** 0 shall submit a request to the Secretary of the Office of Policy and Management to certify their additional uncompensated care costs to be reimbursed under this section.
3. **Payments may be made twice a year. The first payment may be made in the third quarter of the state fiscal year (January-March). The second payment may be made in the fourth quarter of the state fiscal year (April-June).**
4. **Each hospital certified by the Secretary to receive a payment under this section shall receive the full amount calculated in 1.(G) above, subject to the federal hospital specific limit on disproportionate share payment adjustments.**

TN# 01-015 Approval Date 4/25/02 Effective Date 11-12-01

Supersedes  
TN# NEW

**OFFICIAL**

**THE CONNECTICUT MEDICAID AGENCY ASSURANCES  
APPLICABLE TO MEDICAID INPATIENT HOSPITAL AND  
DISPROPORTIONATE SHARE PAYMENTS**

- A. The Department of Social Services, as the single-State agency responsible for administration of the Medicaid program, makes the following assurances:
1. The State of Connecticut pays for inpatient hospital services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. These rates are determined in accordance with the methods and standards established under the State Plan and Section 17-312-102 through 17-312-105 of the Regulations of Connecticut State Agencies and reflect pre-BBA of 1997 Medicare TEFRA Reimbursement Principles including the OBRA 90 modifications to that methodology except effective October 1, 1999 there is no annual update factor applied to cost per discharge. The Department can assure pursuant to 42 CFR 447.272 that aggregate payments to hospitals do not exceed the amount that can reasonably be estimated would have been paid under Medicare payment principles.
  2. The methods and standards used to determine payment rates for inpatient hospital services take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs. This is accomplished through the use of the Medicare disproportionate share adjustment methodology established under Section 1886(d)(5)(F)(iv) of the Social Security Act. Therefore, the Department can assure that payment rates take into account the situation of hospitals, which serve a disproportionate number of low-income patients with special needs pursuant to Section 1902(a)(13)(A)(iv).

**Additional Categories of Hospitals Qualified for Disproportionate Share Payments**

- a) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to low-income persons determined eligible for financial and/or medical Assistance under the State General Assistance Program.
- b) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to uninsured or underinsured children under the jurisdiction of the Commissioner of Children and Families.

1  
**OFFICIAL**

TN - 01-015  
Approved - 04-25-02  
EFFECTIVE - 11-12-01

- c) Disproportionate share payments to psychiatric hospitals qualifying for such payments as a result of having a high percentage of uncompensated care.
  - d) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care.
  - e) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care in distressed municipalities.
  - f) Disproportionate share payments to short-term Children's General Hospitals qualifying for such payments as a result of providing uncompensated care.
- 3. State Plan Amendment 01-015 adds a new Section (11), "Additional Disproportionate Share Payments for Private Acute Care Hospitals (short-term General Hospitals) which provide additional certified Uncompensated Care under Section 1923 of the Social Security Act.
  - 4. The Department has complied with the public process requirements of the Balanced Budget Act of 1997 by publishing notice of the State Plan Amendment and making available to the public proposed and final rates, methodologies and justifications (copy attached).
  - 5. The State Plan specifies comprehensively the methods and standards used to set Medicaid rates in accordance with 42 CFR430.10 and 447.252.

B. Related information as required by 42 C.F.R., Part 447, Subpart C:

- 1. As indicated in Attachment A, the estimated average payment rate as of the effective date of the proposed amendment and the estimated average payment rate for the immediate preceding period is \$22,872.
- 2. Additional categories of disproportionate share payments are made in the form of direct payments for services and are not included as part of payments made on behalf of Medicaid recipients.

Estimates of disproportionate share hospital payments for additional categories of hospitals are as follows (Estimates of gross amounts for FFY 2002):

- a) Hospitals qualifying for payments for services provided to low-income persons eligible for the State General Assistance Program:

\$28 million - Estimate based upon prior year expenditures adjusted for expected growth in the number of eligible and applicable rates.

- b) Hospitals qualifying for payments for services provided to uninsured children under the jurisdiction of the Commissioner of Children and Families:

\$1.2 million - Estimate based upon prior year expenditures of the Commissioner and applicable rates.

- c) Psychiatric hospitals qualifying for payments for services provided to low-income persons:

\$87.6 million - Estimates based upon an analysis of the number of uncompensated services at psychiatric hospitals expected to qualify for payments and applicable rates.

- d) Acute care hospitals qualifying for payments for uncompensated care:

\$85 million - Estimates of uncompensated care are derived from cost reports submitted to the Office of Health Care Access, which is the government agency responsible for hospital budget review and audit reporting.

- e) Final quarter adjustments to the uncompensated care pool.

\$4.9 million - Estimate of the impact of not taking any negative adjustments for disproportionate share payments for hospital fiscal year 1999.

- f) Final settlement for disproportionate share payments for hospital fiscal year 1999 for teaching hospitals located in distressed municipalities.

\$6.6 million - Estimate of the settlement of disproportionate share payments to teaching hospitals located in distressed municipalities.

- g) Disproportionate share payments to hospitals located in distressed municipalities.

\$15 million - Estimate of the amount of new disproportionate share payments to hospitals located in distressed municipalities as defined in section 32-9p of the Connecticut General Statutes.

- h) Disproportionate share payments to private freestanding short-term children's hospitals.

\$7 million – Estimate of the amount of new disproportionate share payments to private freestanding short-term children's general hospitals.

- i) Disproportionate share payments to private acute care general hospitals, which provide additional certified uncompensated care.

\$2.8 million – Estimate of the amount of new disproportionate share payments to private acute care hospitals, which provide additional certified uncompensated care.

**C.** State Assurances Required by P.L. 102-234, 42 C.F.R. 447.272(c):

- 1. Aggregate disproportionate share payments to hospitals will not exceed the State's base disproportionate share hospital payment adjustment allotment.

**D.** State Assurances pursuant to section 1923(g) of the Social Security Act.

- 1. Disproportionate share payment adjustments to hospitals will not exceed the limitations described at section 1923(g) of the Social Security Act.

Attachment A

State Plan Amendment 01-015  
Effective 11/12/01

	Annualization of Costs <u>Pre-Plan Change</u>	Annualization of Costs <u>Post Plan Change</u>
Medicaid Service Payments <sup>1</sup>	\$141,000,000	\$141,000,000
Medicaid DSH Payments <sup>2</sup>	\$328,000,000	\$237,800,000
Total Hospital Payments	\$430,000,000	\$378,800,000
Medicaid Discharges <sup>3</sup>	18,800	18,800
Cost Per Discharge	\$22,872	\$20,149

[1] Estimated expenditures for fee-for-service inpatient acute care hospital services only.

[2] Reflects reduced allotment in Balanced Budget Act for FFY 2000.

[3] Fee-for-service discharges only. Excludes discharges paid for through managed care plans.



DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
JFK Federal Building, Government Center  
Room 2325  
Boston, Massachusetts 02203



Division of Medicaid and State Operations / Region I

April 25, 2002

Mr. Michael P. Starkowski  
Deputy Commissioner  
State of Connecticut  
Department of Social Services  
25 Sigourney Street  
Hartford, CT 06106-5033

Dear Mr. Starkowski:

We are pleased to inform you that Connecticut State Plan Amendment TN 01-015, which was received by this office on November 14, 2001, is approved for incorporation into the official Connecticut State Plan.

This amendment, which was effective November 12, 2001, established additional disproportionate share payments for private acute hospitals. Our review of your submittal was conducted in accordance with the requirements of sections 1902(a)(13) and 1902(a)(30) of the Social Security Act and the implementing Federal regulations.

If you have any further questions, please contact Robert Parris at 617-565-1242.

Sincerely,

Ronald Preston,  
Associate Regional Administrator